

# SOUTHERN CALIFORNIA LUMBER INDUSTRY WELFARE FUND

Established Jointly by Employers and Local Unions

Telephone (562) 463-5080 □ (800) 824-4427 □ Facsimile (562) 463-5894

## IMPORTANT INFORMATION COBRA CONTINUATION COVERAGE AND OTHER HEALTH COVERAGE ALTERNATIVES

To All Active Participants & Spouses (if any):

Congress enacted the Consolidated Omnibus Budget Reconciliation Act (COBRA), a Federal law requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called “continuation coverage”) at group rates in certain instances where coverage under the Plan would otherwise end. COBRA continuation coverage must be offered to each family member who is a qualified beneficiary. **This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provision of the law, as well as other health coverage alternatives that may be available to you through the Health Insurance Marketplace. Both you and your spouse should take the time to read this notice carefully.** Additional information about COBRA continuation coverage can be obtained from the Administrative Office at the address shown below. If you do not have a copy of the Summary Plan Description and Plan Document which contains the complete COBRA coverage rules, please contact the Administrative Office for another copy.

**You may have other options available to you** when you lose group health coverage through the Health Insurance Marketplace, Medicaid, or other group health plans coverage options (such as a spouse’s plan). Some of these options may cost less than COBRA continuation coverage. For more information about health insurance options available through the Health Insurance Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov) or call 1-800-318-2596.

**As a Fund active participant/employee**, you and/or your family members have a right to choose COBRA continuation coverage for up to 18 months if you should lose your Fund coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

**If you are the spouse of an active participant/employee** and are participating in the plan you have the right to choose COBRA continuation coverage for up to 36 months if you should lose Fund coverage for any of the following three reasons:

1. The death of your spouse;
2. Divorce or legal separation from your spouse; or
3. Your spouse becomes entitled to Medicare (Part A, Part B, or both) prior to your loss of coverage.\*

**If you are a dependent child of an active participant/employee** you have the right to continue coverage under COBRA for up to 36 months if you should lose Fund coverage for any of the following four qualifying events:

1. The death of the participant/employee parent;
2. The participant/employee parent’s divorce or legal separation;
3. A participant/employee parent’s becoming entitled to Medicare (Part A, Part B, or both) prior to your loss of coverage; or
4. The dependent ceases to be a “dependent” under the Fund rules.\*

Where a participant/employee loses Fund coverage because of a termination of employment or a reduction in hours, the Administrative Office will notify the participant or family members of the COBRA continuation coverage opportunity in writing. Your employer must inform the Administrative Office in writing of the participant/employee's death or entitlement to Medicare. **However, under the law, the participant or his family member has the responsibility to inform the Administrative Office of a divorce, legal separation, or a child losing dependent status under the Fund rules within 60 days, in writing, of the date on which you or your dependent(s) loses (or would lose) coverage under the Plan as a result of a qualifying event.**

\*There is also a special COBRA extension of up to a maximum of 11 additional months (for a total of 29 months) if you or your dependents are disabled as determined by the Social Security Administration (SSA) at the time of the qualifying event or within 60 days thereafter and the disability lasts at least until the end of the 18-month period of continuation coverage. You (or your dependent) must notify the Administrative Office at the address shown below, in writing, within 60 days of SSA making the required determination of disability or the date you or your dependent would lose coverage under the Plan as a result of a qualifying event, whichever is later, and before the initial 18-month continuation period expires. An additional premium is charged and further information is available from the Administrative Office.

**Notice of these events must be sent to the address shown below and contain the name of the Plan, your name, and the name(s) of your dependents, the qualifying event, the date(s) of the qualifying event and you and your dependent's address. If the qualifying event involves a disability, please provide the date of the disability and enclose a copy of the award letter.**

When the Administrative Office has received information or determines one of these events has happened, they will in turn notify you that you have the right to choose COBRA continuation coverage. Under the law, you have 60 days from the later of the date you would lose Fund coverage because of one of the events described above, or the date you received the notice, to send in the COBRA Election Form indicating that you want continuation coverage. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. The participant/employee may elect COBRA continuation coverage on behalf of a spouse and parents may elect COBRA continuation coverage for the children.

If you choose COBRA continuation coverage, the Fund is required to give you the same health benefit coverage you had at the time of the qualifying event. This coverage will be provided to you unless there is a change in the benefits offered under the Plan to similarly situated employees and family members. If the required COBRA continuation coverage period is 18 months, and if, during that 18 months another event takes place that also entitles you to coverage, coverage may be further extended if notice of this second qualifying event is properly given to the Administrative Office. In no case may the total amount of COBRA continued coverage be more than 36 months.

You do not have to show that you are insurable to choose COBRA continuation coverage. However, under the law, you will pay the cost of your COBRA continuation coverage if you and/or your dependents elect the coverage. You or your dependents (or any other third party) will have a period of 45 days to make the first payment (including any retroactive amount that may be due) after the date you elect the coverage. Please call the Administrative Office to obtain the current rate.

The law also provides that your COBRA continuation coverage may be cut short for any of the following reasons:

1. The Fund plan is terminated or your employer withdraws from the Plan under certain circumstances.

2. The premium for your COBRA continuation coverage is not paid in a timely fashion (i.e., within 31 days of the due date).
3. You first become covered under another group health plan after the date of your COBRA election, unless the new coverage has a valid preexisting condition limitation or exclusion (note: there are limitations on plans imposing a preexisting condition exclusion and such exclusions became prohibited beginning in 2010 for children and beginning in 2014 for adults, under the Affordable Care Act).
4. You first become entitled to Medicare (Part A, Part B, or both) after the date of your COBRA election.
5. You have continued coverage due to a disability beyond the initial 18-month period and SSA determines you are not or no longer disabled.
6. The maximum COBRA continuation period expires.
7. For cause (such as a fraudulent claim submission) that would result in the termination of coverage for non-COBRA participants.

The law also says that, at the end of the 18-month or 36-month COBRA continuation coverage period, you must be allowed to enroll in whatever individual conversion health plan is available under the Fund rules. Currently there are no such plans in the self-funded indemnity program. The prepaid plans, however, continue to offer conversion privileges.

**There may be other coverage options for you and your family when you lose group health coverage.** For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. You can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. (For more information on the Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov) or call 1-800-318-2596.) Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

**Keep the Fund informed of your address changes.** It is important that the Fund be able to contact you. Therefore, if you have changed marital status, or you or your spouse have changed addresses, please notify the Administrative Office in writing at:

**Southern California Lumber Industry Welfare Fund**  
c/o Benefit Programs Administration  
13191 Crossroads Parkway North, Suite 205  
City of Industry, CA 91746

**If you have any questions** about your COBRA benefits under the Plan and federal law, you should review your Summary Plan Description and Plan Document. You may also contact the Administrative Office, Benefit Programs Administration at (562) 463-5080 or (800) 824-4427. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), the Patient Protection and Affordable Care Act, and other laws affecting group health plans, contact the nearest regional or district office of the U.S. Department of Labor's Employee Benefits Security Office (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa) (addresses and phone numbers of regional and district EBSA offices are available through the EBSA website).